



1 FINANCE AND ADMINISTRATION CABINET

2 Department of Revenue

3 (Amendment)

4 103 KAR 44:070. Taxation of loaner and rental motor vehicles.

5 RELATES TO: KRS 131.180, 138.450-138.470, 138.990

6 STATUTORY AUTHORITY: KRS 131.130(1), 138.460

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the  
8 Department of Revenue to promulgate administrative regulations for the administration of all tax  
9 laws. KRS 138.460 authorizes the department to promulgate administrative regulations prescribing  
10 forms and procedures to collect the tax due on loaner or rental motor vehicles. This administrative  
11 regulation establishes those forms and procedures.

12 Section 1. Definitions. (1) "AVIS" means the Automated Vehicle Information System  
13 prescribed by KRS Chapter 186A.

14 (2) "Department" is defined by KRS 131.010(2).

15 (3) "Due date" means the date by which a report and payment of loaner or rental tax due shall  
16 be submitted to the department.

17 (4) "Eligible taxpayer" means a motor vehicle dealer licensed under KRS 190.010 who in the  
18 course of business loans or rents designated motor vehicles exclusively to customers of their  
19 service or repair components.

20 (5) "Loaner or rental motor vehicle" is defined by KRS 138.450(13).

21 (6) "Month" means a calendar month or any portion of a calendar month.

Section 2. Reporting and Payment Requirements. (1) On or after July 15, 2002, any eligible taxpayer who has vehicles dedicated as loaner or rental motor vehicles shall:

(a) Register with the department utilizing Revenue Form 73A054;

(b) Provide the county clerk with their dealer number as issued by the Kentucky Motor Vehicle Commission; and

(c) Provide to the department a listing of all vehicles designated as loaner or rental motor vehicles including the vehicle identification number, license plate number, make, model, and model year.

(2) Vehicles registered pursuant to KRS 138.4605 as in effect prior to July 15, 2002 shall automatically become subject to the amended provisions of KRS 138.4605 effective July 15, 2002 unless the dealer:

(a) Immediately transfers the vehicle out of the dealer's name; or

(b) Elects to pay the regular motor vehicle usage tax on the retail price of the vehicle.

(3) On or after July 15, 2002, any registered eligible taxpayer who wishes to designate a vehicle as a loaner or rental motor vehicle shall advise the county clerk of this designation when the vehicle is first registered or transferred to the dealer. The county clerk shall enter the dealer number and appropriate exception code, provided by the department, in the AVIS computer system. The motor vehicle usage tax shall not be collected by the county clerk. The taxpayer shall also notify the department of the addition of the vehicle to the loaner or rental program when the next monthly report is submitted.

(4) If a dealer transfers a vehicle out of inventory to be used in the loaner or rental program, he shall notify the department of the transfer to the loaner or rental program when the next monthly report is submitted.

1 (5) On or after July 15, 2002, any registered eligible taxpayer who has vehicles identified to  
2 the department as loaner or rental motor vehicles shall submit to the department on a monthly basis  
3 a report of the number of these vehicles utilizing Revenue Form 73A055 and remit payment of  
4 twenty-five (25) dollars per vehicle with the report, pursuant to KRS 138.4605.

5 (6) The due date of the report and payment shall be fifteen (15) calendar days after the last day  
6 of the reporting month.

7 (7) Penalties provided in KRS 131.180 and 138.990 shall apply to any late report or payment.

8 Section 3. Forms. The forms listed herein may be inspected, copied, or obtained, subject to  
9 applicable copyright law, at:

10 (1) The Kentucky Department of Revenue, 501 High Street, Frankfort, Kentucky 40620;

11 (2) A Kentucky Taxpayer Service Center, Monday through Friday, 8 a.m. to 4:30 p.m.; or

12 (3) The department website at <http://revenue.ky.gov>.

13 [~~Incorporation by Reference. (1) The following material is incorporated by reference:~~

14 ~~—(a) Revenue Form 73A054 "Kentucky Application For Dealer Loaner/Rental Vehicle Tax",~~  
15 ~~July 2002; and~~

16 ~~—(b) Revenue Form 73A055 "Monthly Report For Dealer Loaner/Rental Vehicle Tax", July~~  
17 ~~2002.~~

18 ~~—(2) These forms may be inspected, copied, or obtained, subject to applicable copyright law, at~~  
19 ~~the Kentucky Department of Revenue, 501 High Street, Frankfort, Kentucky 40620, or at any~~  
20 ~~Kentucky Revenue Cabinet Taxpayer Service Center, Monday through Friday, 8 a.m. to 4:30 p.m.]~~

103 KAR 44:070

APPROVED BY AGENCY:

*Daniel P. Bork*  
DANIEL P. BORK, COMMISSIONER  
Department of Revenue  
Finance and Administration Cabinet

9/12/17  
Date

## PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on October 24, 2017, at 1:00 p.m. in Room 11A, State Office Building, Frankfort KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through October 31, 2017. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Lisa Swiger, Tax Policy Research Consultant, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky, 40601, (502) 564-9526 (telephone), (502) 564-3875(fax), [Lisa.Swiger@ky.gov](mailto:Lisa.Swiger@ky.gov)(email).

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No. 103 KAR 44:070

Contact Person: Lisa Swiger

Phone Number: (502) 782-5705

Email: Lisa.Swiger@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation updates regulatory language to conform to recent statutory language revisions.

(b) The necessity of this administrative regulation: To update outdated language in the regulation to the most up to date information now provided in statute.

(c) How this administrative regulation conforms to the content of the authorizing statutes: It updates the current outdated language to comply with statutory changes made to KRS 131 in SB 129 of the 2016 General Assembly that removed the requirement for the department to file a regulation incorporating applicable forms. This amendment removes references to forms incorporated by reference that are now published solely on the department's website.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: It may potentially decrease calls or questions to the department regarding up to date recent versions of the forms previously listed in this regulation.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment will remove references to forms previously incorporated by reference in this regulation that are now provided solely on the department's webpage.

(b) The necessity of the amendment to this administrative regulation: To provide the most up to date information for all who would seek guidance from this regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment provides guidance on the location of the forms listed in this regulation.

(d) How the amendment will assist in the effective administration of the statutes: It may decrease questions or calls to the department, allowing staff to focus on revenue generating tasks.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All individuals, businesses, organizations, or state and local governments that may reference this regulation for guidance.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: No actions are necessary to comply with this amendment.

(b) In complying with this administrative regulation or amendment, how much will it cost

each of the entities identified in question (3): There is no cost to any entity to comply.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Anyone who accesses the amended regulation will benefit from the updated information contained therein.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no cost to the department to implement the proposed amendment beyond current department budgeted funds and staff.

(b) On a continuing basis: There is no cost to the department on a continuing basis.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no additional cost to implement and enforce the proposed amendment.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no additional cost to implement and enforce the proposed amendment.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No fees are directly or indirectly established or increased by the proposed amendment.

(9) TIERING: Is tiering applied? (Explain why or why not) No. Tiering is not applied as the provisions of this regulation apply equally to all those affected by it.

## FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 103 KAR 44:070

Contact Person: Lisa Swiger

Phone Number: (502) 564-9526

Email: Lisa.Swiger@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Finance and Administration Cabinet, Department of Revenue.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 131.130.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. There will be no affect on any state or local entity from this administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None. This amendment only provides updated information regarding the location of forms on the department's website.

(c) How much will it cost to administer this program for the first year? No additional costs will be incurred in the first year of this regulation being in effect.

(d) How much will it cost to administer this program for subsequent years? No additional costs will be incurred in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: